

Before the  
Federal Communications Commission  
Washington, DC 20554

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|   |   |                       |
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| In the Matter of                            | ) |                       |
|   | ) |                       |
| Request for Review of the                   | ) |                       |
| Decision of the                             | ) |                       |
| Universal Service Administrator by          | ) |                       |
|   | ) |                       |
| Olton Branch Library                        | ) | File No. SLD-102593   |
| Olton, Texas                                | ) |                       |
|   | ) |                       |
| Federal-State Joint Board on                | ) | CC Docket No. 96-45 ✓ |
| Universal Service                           | ) |                       |
|   | ) |                       |
| Changes to the Board of Directors of the    | ) | CC Docket No. 97-21   |
| National Exchange Carrier Association, Inc. | ) |                       |

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**ORDER**

**Adopted: November 9, 1999**

**Released: November 9, 1999**

By the Common Carrier Bureau:

1. The Common Carrier Bureau (Bureau) has under consideration an appeal, filed on June 21, 1999, by Olton Branch Library of Olton, Texas (Olton), seeking review of a decision issued by the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (Administrator). Olton seeks review of the SLD's denial of its request to extend the time period for which it is eligible to receive discounts for internal connections under the schools and libraries universal service support mechanism.<sup>1</sup> For the reasons set forth below, we grant Olton's appeal to the extent provided herein, and remand Olton's funding application to the SLD for further determination in accordance with this order.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.<sup>2</sup> During the first extended funding year (January 1, 1998 - June 30, 1999) of the support mechanism, SLD granted all approved requests for discounts for telecommunications services and Internet access and granted all approved requests for internal connections down to the 70 percent discount level. Because the first funding year ran through June 30, 1999, the

<sup>1</sup> Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of the Administrator may seek review from the Commission. 47 C.F.R. § 54.719(c).

<sup>2</sup> 47 C.F.R. §§ 54.502, 54.503.

Commission established a limited extension in its *Tenth Reconsideration Order* that would permit schools and libraries to be eligible for additional discounts on recurring services (primarily telecommunications and Internet access) for the period of January 1, 1999, through June 30, 1999, which coincides with the extension of the initial funding year.<sup>3</sup>

3. By letter dated February 18, 1999, the SLD indicated that, because Olton's request for discounts for Internet access included internal connections components, SLD reclassified the services as internal connections.<sup>4</sup> Because internal connections services were funded at the 70 percent level or above, Olton's funding request was approved.<sup>5</sup> Having been reclassified as internal connections, however, these services were not deemed eligible by the SLD for the extended Year 1 funding period for recurring services established in the *Tenth Reconsideration Order*. In its appeal, by letter dated March 2, 1999, Olton requested that SLD fund its request for discounts for internal connections for this extended funding period, from December 31, 1998 through June 30, 1999. On May 27, 1999, the SLD affirmed its initial funding decision and denied Olton's appeal.<sup>6</sup> In the Administrator's Decision on Appeal, the SLD reiterated that the services Olton listed as Internet access included some internal connections services and were therefore reclassified. In addition, SLD explained that the six-month funding extension does not apply to requests for discounts for internal connections.

4. In Olton's request for review of the SLD's decision that is now before us, Olton objects to SLD's decision to reclassify its entire request for discounts for Internet access as internal connections simply because its request included some internal connections components. In addition, Olton requests that its funding request for Internet access less the internal connections components be deemed eligible for the funding extension established in the *Tenth Reconsideration Order*.

5. In *Williamsburg-James City*,<sup>7</sup> the Commission determined that, in cases where, as here, an FCC Form 471 was submitted before the establishment of the Commission's rules of priority in the *Fifth Order on Reconsideration*,<sup>8</sup> applicants could not have been aware of the need

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<sup>3</sup> See *Federal-State Joint Board on Universal Service*, Tenth Order on Reconsideration, CC Docket No. 96-45, 14 FCC Rcd 5983, para. 2 (1999) (*Tenth Reconsideration Order*).

<sup>4</sup> Letter from the Schools and Libraries Division, Universal Service Administrative Company, to Linda Roper, Olton Branch Library, dated February 18, 1999 (*Funding Commitment Letter*).

<sup>5</sup> Olton qualified for discounts at the 80 percent level.

<sup>6</sup> Letter from the Schools and Libraries Division, Universal Service Administrative Company, to Linda Roper, Olton Branch Library, dated May 27, 1999 (*Decision on Appeal*).

<sup>7</sup> *Request for Review of the Decision of the Universal Service Administrator by Williamsburg-James City Public Schools*, Order, CC Docket Nos. 96-45, 97-21, FCC 99-298, (rel. October 15, 1999) (*Williamsburg-James City*).

<sup>8</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fifth Reconsideration Order, 13 FCC Rcd 14915, 14938 at paras. 36-37 (1998) (*Fifth Reconsideration Order*).

to segregate carefully their service requests.<sup>9</sup> Consequently, the Commission held that, in appeals addressing such circumstances, applications should be remanded to SLD for reprocessing, with priority one and priority two services being considered separately on their own merits. We, therefore, remand Olton's application and direct SLD to issue a new funding commitment decision letter based on the originally submitted Form 471 and any further consultations with the applicant that may be necessary.

6. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722 (a), that the Letter of Appeal filed by Olton Branch Library, Olton, Texas, on June 21, 1999 IS GRANTED.

7. IT IS FURTHER ORDERED that the Administrator IS DIRECTED to implement the decision herein.

FEDERAL COMMUNICATIONS COMMISSION



Yog R. Varma  
Deputy Chief, Common Carrier Bureau

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<sup>9</sup> Olton's FCC Form 471 application was received by USAC on April 15, 1998, well before the June 22, 1998, release of the *Fifth Reconsideration Order*.